



**UNITED STATES OF AMERICA
DEPARTMENT OF TRANSPORTATION
OFFICE OF THE SECRETARY
WASHINGTON, D.C.**

Issued by the Department of Transportation
on the 17th day of May, 1996

Served May 23, 1996

Essential Air Service At

HEALY LAKE, ALASKA

under 49 U.S.C. 41731 *et seq.*

Docket 47515

ORDER TO SHOW CAUSE

Summary

By this order we are tentatively reselecting Frontier Flying Service to provide subsidized essential air service at Healy Lake, Alaska, for the two-year period beginning June 1, 1996, at an annual rate of \$37,185.

Background

Frontier Flying Service was selected to provide essential air service at Healy Lake by Department Order 94-5-17. The subsidy rate of \$37,057 established by that order expires May 31, 1996.

Under our normal procedures when nearing the end of a rate term, we contact the incumbent carrier to determine whether it is interested in continuing service and whether it will continue to require subsidy. If the carrier wishes to continue service with subsidy, we usually negotiate a new subsidy rate with the carrier, issue an order tentatively reselecting the carrier for a new rate term at the agreed rate, and direct other parties to show cause why we should not finalize our tentative decision. Other carriers wishing to submit competing proposals are invited to do so in response to the show-cause order; if any such proposals are filed, we process them as a competitive case. Consistent with this practice, we invited Frontier Flying Service to submit a proposal for continuation of essential air service at Healy Lake.

Carrier Service Proposal

In response to our inquiry Frontier Flying Service indicated its desire to continue to serve Healy Lake and submitted and negotiated a renewal proposal for a two-year rate term. (See Appendix B to this order for a summary of the subsidy computation for Frontier Flying Service's proposal.) The carrier has proposed to continue operating the historical service pattern of two round trips per week over the routing Fairbanks-Healy Lake-Fairbanks with Cessna 207 aircraft. Based on informal rate discussions held between the carrier and the Department staff an annual subsidy rate of \$37,185 has been agreed upon for each year of the new rate term.

Essential Air Service Determination

The essential air service determination for Healy Lake as established by Order 91-4-46, requires at least two nonstop or one-stop round trips per week to either Fairbanks or Tok with small aircraft (10 seats or less).

Tentative Reselection

We will tentatively reselect Frontier Flying Service to provide essential air service at Healy Lake as detailed in Appendix C, for an additional two-year period, for an annual subsidy rate of \$37,185. We find both the service and the subsidy aspects of the Frontier Flying Service proposal to be reasonable.

Objections or Proposals

As usual, we will allow interested parties 20 days to object to our decision and/or to file competing proposals. If no timely objections or competing proposals are filed this order will automatically become final. We expect persons objecting to our tentative decision to support their objections with relevant and material facts. We will not entertain general, vague, or unsupported objections.

Procedures for Filing Proposals

For interested air carriers that are not familiar with our procedures and recommended form for supplying the necessary information, we have prepared two explanatory documents that we will make available upon request. The first describes the process for handling carrier replacement cases under 49 U.S.C. 41734(f) (formerly section 419 of the Federal Aviation Act) and discusses in detail the process of seeking proposals, conducting financial and operational audits of the applicant carriers and selecting a replacement carrier. The second is an evidence request containing an explanatory statement, and a copy of section 14 CFR 204.4 of the Departments regulations which deals with the information required of all applicants for authority to provide basic essential air service, and provides schedules giving our recommended form for submitting data required for determining the financial and operational ability of applicants to provide dependable air service¹.

Community and State Comments

If we receive competing proposals, the community and State are welcome to submit comments on the proposals at any time². Early in the proceeding, comments on the perceived strengths and weaknesses of the proposals would be particularly helpful to the Department, although the civic parties may also express a preference for a particular carrier or proposal option at that time, if they choose. In any event, after we conclude rate conferences with all applicants, we
